

Stafford Loans:

- Your school will disburse your loan in at least two installments.
- No installment will be greater than half the amount of your loan.
- If you're a first-year undergraduate student *and* a first-time borrower, your first disbursement can't be made until 30 days after the first day of your enrollment period.

Student loan money must first be used to pay for your tuition, fees and room and board. If loan funds remain, you'll receive them by check or in cash, unless you give the school written permission to hold the funds until later in the enrollment period.

Can I cancel my student loan if I change my mind, even if I have signed the **promissory note*** agreeing to the terms of the loan?

Yes. Your school must notify you in writing whenever it credits your account with your loan funds.

- You may cancel all or a portion of your loan if you inform your school within **14 days** after the date your school sends you this notice, or by the first day of the payment period, whichever is later.
- Your school can tell you the first day of your payment period.
- If you receive your loan funds directly by check, you may refuse the funds by returning the check to the school.

PLUS Loans

(Parent Loan for Undergraduate Students)

Only parents of a dependent undergraduate student are eligible to apply for a PLUS Loan.

How do my parents apply for a PLUS Loan?

Direct PLUS Loan:

- The school you're attending must participate in the Direct Loan Program.
- Your parents complete a Direct PLUS Loan application and **promissory note*** contained in a single form that you'll get from the financial aid office at your school.

FFEL (Federal) PLUS Loan:

- The school you're attending must participate in the FFEL Loan Program.
- Your parents complete a FFEL (Federal) PLUS Loan application, available from your school, lender or your state **guaranty agency***. After the school completes its portion of the application, it must be sent to a lender for evaluation.

Although not a requirement, parents are encouraged to have their dependent children submit a FAFSA, so their children can receive the maximum student financial aid they're eligible for.

Can my parents get both a Direct PLUS Loan and a FFEL PLUS Loan for me?

No. Your parents can apply for either loan for you, **but not both**, during the same enrollment period. Your parents could, however, apply for a Direct PLUS Loan for you and a FFEL PLUS Loan for one of your siblings.

What are the borrowing requirements my parents have to meet?

Generally, your parents must pass a credit check. If they don't pass, they might still be able to receive a loan if they can demonstrate that extenuating circumstances exist, or if someone they know who can pass the credit check agrees to endorse the loan and promises to repay it if your parents fail to do so.

Are there any other requirements?

You must meet the general eligibility requirements for federal student financial aid and your parents must also meet some of these general requirements.

For example:

- They must be citizens or **eligible noncitizens***.
- You or your parents cannot be in **default*** on a federal student loan.
- You or your parents cannot owe a refund on any federal student aid program.

DID YOU KNOW ...

Aid provided by the office of Federal Student Aid is the largest source of postsecondary financial aid in the nation, making up about 70 percent (in dollar value) of all aid granted nationwide.

Do my parents need to find a lender?

- **Direct PLUS Loan—No.** The U.S. Department of Education is the lender. Your school assists in administering the Direct Loan Program by:
 - Distributing the loan application,
 - Processing the loan, and
 - Disbursing the loan funds.
- **FFEL Program—Yes.** Your parents will need to find a participating lender.
 - For help locating a participating lender, they should contact your school or the **guaranty agency*** that serves your state.
 - For the address and telephone number of your state **guaranty agency**,* your parents can contact the Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243).

How much can my parents borrow?

The maximum amount your parents can borrow is your **cost of attendance*** minus any other financial aid that you receive.

Do my parents get the PLUS Loan money or do I?

- Your school first receives the loan funds and might require that your parents endorse a disbursement check and send it back to the school.
- Your school then applies the PLUS Loan funds to your tuition, fees, room and board and other school charges.
- If any loan funds remain, your parents will receive them either by check or in cash, unless they authorize the amount to be released to you or to be put into your school account.
- Any remaining loan funds must be used for your education expenses.

Can my parents cancel a PLUS Loan if they change their minds, even if they've signed the promissory note* agreeing to the terms of the loan?

Yes. Your parents can cancel a PLUS Loan the same way you would cancel a Perkins or Stafford Loan.

Other than interest, are my parents required to pay any fees or charges to get a PLUS Loan?

Yes. Your parents will pay a fee of up to 4 percent of the loan, just as you would for a Stafford Loan.

LOAN SUMMARY

- You can be an undergraduate, graduate or professional student.
- You must be enrolled full-time or half-time.
- Student loans are borrowed money that **must** be repaid, with interest, just like car loans and mortgages.
- Student loans **cannot** be canceled because you didn't get—or didn't like—the education you received, didn't get a job in your field of study or because you're having financial difficulty.
- Loans are legal obligations, so think about the amount you'll have to repay over the years before you take out a loan.
- Parents may borrow under the PLUS Loan program to help pay the educational expenses of a **dependent undergraduate student** who is enrolled in an **eligible program*** at an eligible institution.
- The amount you can borrow depends on your academic level in school, whether you are full-time or part-time and whether you are a dependent or independent student.
- Students who demonstrate financial need are eligible for a subsidized Direct or FFEL Loan to cover some or all of that need.
- For students who are eligible for a subsidized Stafford Loan, the U.S. Department of Education pays the interest while you're in school at least **half-time**,* for the first six months after you leave school and during a period of deferment (a postponement of loan payments).
- Unsubsidized Stafford Loans are available to students who do not demonstrate financial need. The U.S. Department of Education does not pay interest on unsubsidized loans.